



February 21, 2006

Paul E. Pelletier  
Acting Chief  
United States Department of Justice  
Criminal Division, Fraud Section  
1400 New York Ave, N.W.  
Washington, DC 20005

Re: Williams and WPC

Dear Mr. Pelletier:

This letter confirms the commitments made by The Williams Companies, Inc. ("Williams") to the United States Department of Justice, Criminal Division, Fraud Section ("Fraud Section") and the United States Attorney's Office for the Northern District of California ("USAO NDCal") in the course of Williams' recent discussions with the Fraud Section and USAO NDCal relating to the investigation of false reporting of trade data to industry publications by former employees of Williams Power Company, Inc. ("WPC"), a Williams subsidiary (hereinafter such conduct referred to as "the false reporting").

Williams acknowledges that its commitment of continuing cooperation with the Fraud Section and USAO NDCal was one of several important factors that supported the decision of the Fraud Section and USAO NDCal to recommend that the prosecution of WPC be deferred in accordance with the terms of the Deferred Prosecution Agreement that is being entered today between WPC and the Fraud Section and USAO NDCal. Accordingly, Williams agrees to cooperate fully with the Fraud Section and USAO NDCal and with any other agency designated by the Fraud Section and/or USAO NDCal regarding any matters related to the false reporting or any related criminal conduct about which Williams has knowledge. Williams' agreement to cooperate shall extend until the completion of the Fraud Section and USAO NDCal's investigation of the false reporting, criminal activity relating to the false reporting, and any other matters disclosed to the Fraud Section and/or USAO NDCal by Williams, including any investigations or prosecutions of others. Williams understands that, subject to the continued compliance by Williams and its affiliates with the commitments made and obligations undertaken to the Fraud Section and USAO NDCal herein, and by WPC with the terms of the Deferred Prosecution Agreement, the Fraud Section and USAO NDCal will conclude its investigation of the false reporting and related criminal activity by Williams and WPC.

Williams' pledge of continuing cooperation with respect to the false reporting and any related conduct as set forth above includes, but is not limited to, the following:

(a) Compliance with any currently in force written agreements between Williams and any other federal agency as long as any such agreements shall remain in effect;

(b) Completely and truthfully disclosing all information as may be requested by the Fraud Section and/or USAO NDCal with respect to the activities of Williams and its affiliates, and their respective present and former officers, agents, and employees, concerning all matters inquired into by the Fraud Section and/or USAO NDCal;

(c) Assembling, organizing, and providing on request from the Fraud Section and/or USAO NDCal, all documents, records, or other tangible evidence in Williams' possession, custody, or control;

(d) Not asserting a claim of attorney-client or work-product privilege as to any documents, information, or testimony requested by the Fraud Section and/or USAO NDCal related to internal factual investigations or contemporaneous advice given to Williams concerning the conduct at issue. Notwithstanding the foregoing, nothing in this Section shall be considered a waiver of the attorney-client or attorney work product privileges with respect to the opinions of counsel, mental impressions of counsel, communications between counsel, or lawful advice of counsel, and Williams and its affiliates shall not be required to produce documents or other evidence with respect to such opinions, mental impressions, communications or advice. In making production of any such documents, Williams neither expressly nor implicitly waives its right to assert any privilege with respect to the produced documents or the subject matter thereof that is available under law against non-parties to this commitment letter;

(e) Using its best efforts to make available its employees to provide information and/or testimony as requested by the Fraud Section and/or USAO NDCal, including sworn testimony before a federal grand jury or in federal trials, as well as interviews with federal law enforcement authorities. Cooperation under this Paragraph will include identification of witnesses who, to Williams' knowledge, may have material information regarding the false reporting;

(f) Using its best efforts to make available for interviews, or for testimony, present or former Williams officers, directors, and employees as requested by the Fraud Section and/or USAO NDCal;

(g) Providing testimony and other information deemed necessary by the Fraud Section, USAO NDCal or a court to identify or establish the original location, authenticity, or other evidentiary foundation necessary to admit into evidence documents in any criminal or other proceeding as requested by the Fraud Section and/or USAO NDCal.

The Fraud Section and USAO NDCal agree that if Williams has not committed a willful and knowingly material breach of this commitment letter for fifteen (15) months from the date of this commitment letter, this commitment letter shall expire and no criminal prosecution of

Williams for matters discussed in this letter will be instituted by the Fraud Section and/or USAO NDCal.

Should the Fraud Section and USAO NDCal determine that Williams has committed a willful and knowingly material breach of any provision of this commitment letter, the Fraud Section and USAO NDCal shall provide written notice to Williams of the alleged breach, and provide Williams with a two-week period in which to request to make a presentation to the Assistant Attorney General in charge of the Criminal Division to demonstrate that no breach has occurred, or, to the extent applicable, that the breach is not willful or knowingly material or has been cured. The parties hereto expressly understand and agree that should Williams fail to request an audience with the Assistant Attorney General in charge of the Criminal Division within a two-week period of the potential breach, it shall be conclusively presumed that Williams is in willful and material breach of this commitment letter. The parties further understand and agree that the Assistant Attorney General's exercise of discretion under this paragraph is not subject to review in any court or tribunal outside of the Criminal Division of the Department of Justice. In the event of a willful and knowingly material breach of this commitment letter that results in a prosecution of Williams, such prosecution may be premised upon any information provided by or on behalf of Williams to Fraud Section and/or USAO NDCal or other government agency at any time, unless otherwise agreed when the information was provided.

In case of the willful and knowingly material breach of this commitment letter, any prosecution of Williams relating to the false reporting of trade data to industry publications or any crime arising therefrom that is not time-barred by the applicable statute of limitations as of the date of this commitment letter may be commenced against Williams notwithstanding the expiration of any applicable statute of limitations during the deferred prosecution period and up to the determination of any such willful and knowingly material breach. Williams agrees that in the event that future criminal proceedings were to be brought in accordance with this commitment letter, Williams will not contest in any such proceedings the admissibility of the Statement of Facts incorporated by reference into the Deferred Prosecution Agreement. Williams also waives any defenses to any charges that it might otherwise have under the Speedy Trial Act, except to the extent such defenses existed as of the date of this letter.

This commitment letter is addressed to the Fraud Section and USAO NDCal and covers Williams and any of its successors, subsidiaries, divisions, or affiliates. This commitment letter also excludes any natural persons. Williams and WPC have pledged their full and continuing cooperation with the Fraud Section and USAO NDCal under this commitment letter and the Deferred Prosecution Agreement, respectively.

It is the intent of the parties that this commitment letter does not confer or provide any benefits, privileges or rights to any individuals or other entities other than the parties hereto, and that nothing in the commitment letter shall be admissible in any proceeding other than a proceeding brought by the Fraud Section and/or USAO NDCal. Moreover, Williams may raise defenses and/or assert affirmative claims in any civil proceedings brought by private parties as long as doing so does not otherwise violate any term of this commitment letter.

I, the undersigned, understand the terms of this commitment letter and voluntarily agree, on behalf of Williams, to each of the terms. Before signing this commitment letter, I consulted with counsel for Williams. Counsel fully advised me of Williams' rights, of possible defenses, and of the consequences of entering into this commitment letter. No promises or inducements have been made other than those contained in this commitment letter. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this commitment letter on behalf of Williams, in any way to enter into this commitment letter. I am also satisfied with counsel's representation in this matter. I certify that I am an officer of Williams, and that I have been duly authorized by Williams to execute this commitment letter on its behalf.

Sincerely,

A handwritten signature in black ink, appearing to read "S. J. Mal", with a long horizontal flourish extending to the right.

Williams Officer